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Coeur d'Alene, ID 83814

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(208) 667-1839 (208) 666-9868

Email:

mike.ormsby@klgates.com

Attorney for Petitioner
GRANITE REEDER WATER
and SEWER DISTRICT

745784

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT STATE OF IDAHO, IN AND FOR BONNER COUNTY

In the Matter of:

GRANITE REEDER WATER and SEWER DISTRICT,

Petitioner.

Cause No. 13399

MOTION AND ORDER ANNEXING PROPERTY

COMES NOW GRANITE REEDER WATER and SEWER DISTRICT (the "District"), and moves the Court for an Order of the Court annexing certain real property commonly known as the "Kaniksu Properties RV, LLP Annexation."

This Motion is made pursuant to Idaho Code § 42-3218(a), the records and files herein and the following Exhibits to this Motion:

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TECHNICAL SUPPORT

PETITION AND ORDER ANNEXING PROPERTY (Kaniksu Properties RV, LLP Annexation) A certified copy of the Board of Directors' Order Granting Petition for Annexation and the exhibits supporting the Board of Directors' Order are attached to this Motion and Order.

DATED: January 23, 2008

KIRKPATRICK & LOCKHART PRESTON GATES ELLIS LLP

Michael C. Ormsby, ISB#04013
Attorneys for Petitioner

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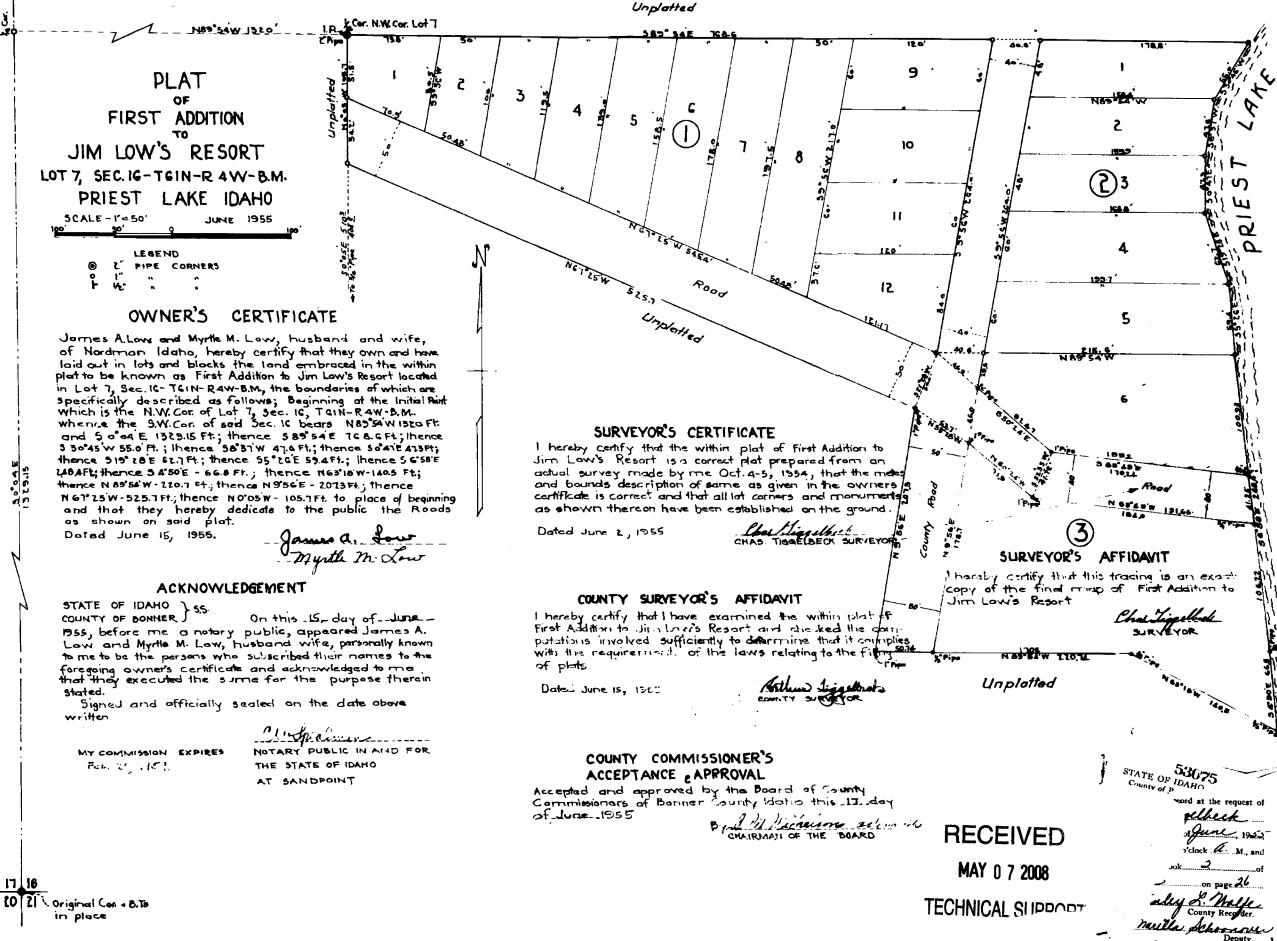
TECHNICAL SUPPORT



RIGHT OF WAY DEED

THIS INDENTURE Mode the 21 day of JURE Harold 4. Downs and Betty Downs Fordman	. 19.60
County of Banner, State of Idaha, parties	the County of Bonner, State of
idaho, party of the second part.	
WITNESSETH, That the sold part .Las	in consideration of the sum of
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to \$\$\text{\$\texitt{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{	ged, ha.Y.Sgranted, bar-
goined, sold and conveyed, and by these presents do grant, bar	•
soid party of the second part, and to its successors and assigns, the follo	wing described piece or porcei
of land, situated in the County of Bonner, state of Idoho, to-wite	ands and annual state of the
A strip of land feet wide on the of road survey, as surveyed, or to be surveyed, over and across the f	side and parallel with center
From the E.T. Corner of Cay's. lot 7, Sec, 16; 7	
Thence S C'05'E, 51.5 ft. to the north Right of	Tay of existing
. County Road, themes along said Right of Way, 8	67'25'1 . 236.3 ft.;
thence # 0°05'E, 54.15 ft. to the south Right o	f Kar of existing
County Road and the place of beginning for this	
E 67'25'E , 27.07 ft.; thence E 0'05'E ,303.18	11.; thence I 89'54'
50.0 ft.; thence # 0'05'W, 323.92 ft.; thence t	67" 15"R. 27.08 ft.
to the place of beginning.	
of Section 16 in Township 61. North, Rai	nge 1 Real B M
TO HAVE AND TO HOLD all and singular the said strip of land unto the s	sold County of Bonner, its success
sors and assigns, for the purpose of a public highway forever.	
IN WITNESS WHEREOF, the part_leaof the first port ho Vs. he	preunto set their hand a
and seal. B. the day and year first above written.	· ()
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15.74	Downs
	Andrew Control of the
County of Bonner.	- Cy 3
On the 23 Aut toy of Service	
0	_infine year 19.6.0, before me
7.44	A
in and for said County and State, personally appeared Tracks	W. U. Dames

FOR SIDDON



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ORDER

The undersigned District Court Judge/Commissioner, having read and considered the Petitioner's Motion for an Order Annexing Property (Kaniksu Properties RV, LLP) into the District and the attached exhibits, good cause appearing and being otherwise advised:

IT IS HEREBY ORDERED that the real property covered by the Annexation Petition and the Order of the Board of Directors of the District is hereby annexed into Granite Reeder Water and Sewer District, effective the date of this Order.

DATED this 31st day of January

JS Steve Verley
JUDGE/COMMISSIONER

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Exhibit List

- 1. Order Granting Petition for Annexation
 - a. Petition Request for Annexation
 - b. Legal Description of Property
 - c. Map of Property
 - d. Notice and Affidavit of Publishing

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ORDER GRANTING PETITION FOR ANNEXATION TO GRANITE REEDER WATER AND SEWER DISTRICT

GRANITE REEDER WATER AND SEWER DISTRICT Bonner County, Idaho

KANIKSU PROPERTIES RV, LLP ANNEXATION

THE BOARD OF DIRECTORS (the "Board") OF GRANITE REEDER WATER AND SEWER DISTRICT (the "District") makes the following findings relative to a Petition for Annexation presented to the Board:

- (1) The District is a validly formed water district under and by virtues of the laws of the State of Idaho.
- (2) The owners of certain real property located in Bonner County, Idaho, generally adjacent to the boundaries of the District, filed a Request/Petition for Annexation with the District which complied with the requirements of Idaho Code §42-3218(a) (a copy of the Request/Petition and attachments thereto are attached hereto as Exhibit "A" as though fully set forth herein).
- (3) After a thorough examination and review by the Board and its consultants, it was established that the Petitions were executed by more than 60% of the property owners in the area covered by the annexation. (The area covered by the annexation is set forth in the map attached hereto and incorporated herein by this reference as Exhibit "B".)
 - (4) The Board set a public hearing on the Petition for Annexation.
- ("Notice") given by both publication and mailing. Notice was published in the *Priest River Times* on April 11, 2007, and April 18, 2007. (A copy of the Notice and Affidavit of Publication are attached hereto and incorporated herein by this reference as Exhibit "C".) At this public hearing the Board and its consultants were prepared to respond to any questions or issues raised.
- (6) The Board has assumed, pursuant to the provisions of Idaho Code Section 42-3218(b) that the failure of any other individuals to show cause in writing as to the annexation of the property described in Exhibit "B", is deemed as their assent.
- (7) The Board, after consideration of the records and files herein and the public health and safety of the current and future residents and businesses in the District and the area proposed for annexation, find it in the best interests of the District its residents and those who are in the area to be annexed into the District, to annex the area covered by the Petition.

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(8) Subject to the conditions placed on the annexation by the District, the real property described in the map attached hereto as Exhibit "B" and legally described in Exhibit "D" attached hereto is hereby incorporated into the District as of the date this Order is filed with the District Court Clerk.
(9) The Secretary of the District is hereby directed to file this Order in the records of the District and transmit this Order and all the attachments thereto to the District Court Clerk for presentation to the District Court for signature for filing pursuant to Idaho Code §42-3218(b).
(10) Conditions:
[OPTION] () That electors within the property described in this Order will approve by vote the formation of a sewer subdistrict within District; and
[OPTION] () That all easements and agreements deemed necessary by the Board of the District or the District's attorney are complete and in place prior to such annexation.
[OPTION] (X) That a local improvement district is formed, without objection from the property owners in the area annexed to facilitate the construction and financing of improvements necessary to provide water service within the area annexed.
This Order is adopted by a majority vote of the Board of Directors at a meeting on
GRANITE REEDER WATER AND SEWER DISTRICT
By: Iman Dame Chairman, Board of Directors
ATTEST:
Secretary Secretary

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GRANITE REEDER WATER AND SEWER DISTRICT Bonner County, Idaho

REQUEST FOR ANNEXATION TO AND INCLUSION IN DISTRICT

Kaniksu Properties RV, LLP

WHEREAS, Granite Reeder Water and Sewer District, of Bonner County, Idaho, (the "District"), has been duly and properly created under and by virtue of the constitution and laws of the State of Idaho and is governed by a Board of Directors therefore (the "Board");

WHEREAS, Kaniksu Properties RV, LLP, an Idaho Limited Liability Partnership ("Property Owner") has expressed an interest in being included within the boundaries of the District and for obtaining or reserving capacity for 40 ERUs/hookups (20 by inclusion in the LID and 20 by covenant);

WHEREAS, the Property Owner now seeks annexation to and inclusion of certain real property (the "Real Property") in the District;

WHEREAS, the Board has estimated that the cost and expense of including the Real Property owned by Property Owner within the District is minimal; and

WHEREAS, the Property Owner and the Board believe that inclusion of the Real Property within the District will result in an increase in the benefits to the Property Owner and the District;

NOW, THEREFORE, THE UNDERSIGNED REPRESENTATIVE OF THE OWNER OF SAID REAL PROPERTY hereinafter described:

- (1) Requests annexation to and inclusion in Granite Reeder Water and Sewer District and into Local Improvement District No. 1 for the purposes of receiving access to sewer improvements provided by the District and agree to pay all expenses due and owing for said inclusion and improvements. Property Owner understands that the Real Property may not yet have access to said improvements, but are willing to wait for this access.
- (2) Agree and request that said improvements be made therein and that the cost and expense of the same shall be assessed to the hereinafter described Real Property and the assessment shall be levied against said Real Property as provided by law and in accordance to the benefit attributable thereto.

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(3) Waive any argument to contest any irregularities in the inclusion of this property into the District and into the Local Improvement District which has been formed to construct and finance sewer system improvements.
(4) Certify that the undersigned is the representative of and authorized signator for the Property Owner and has legal authority to sign this document on behalf of the owner of this Real Property and that the description below represents a true, correct and complete property description.
DATED this 18 day of April 2007.
PROPERTY OWNER: Kaniksu Properties RV, LLP
Michael Williams, Partner
By Roberta Williams, Partner
Legal Description of Property: See Attached
Area of Land to be Included: Taxpayer: No
STATE OF IDAHO)
County of Bonner)
On this a day of April, 2007, before me history Public, personally appeared Michael Williams and Roberta Williams, known or identified to me to be the partners of Kaniksu Properties RV, LLP, the limited liability partnership that executed the instrument or the persons who executed the instrument on behalf of said limited liability partnership, and acknowledged to me that such limited liability partnership executed the same.
Notary Public for Idado Residing at Post Falls Commission Expires: 5/16/2011 RECEIVED

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ACKNOWLEDGMENT AND ACCEPTANCE BY DISTRICT

PASSED AND APPROVED this 23	day of $APRIL$, 2007, by the Board of
Directors of Granite Reeder Water District.	
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ATTEST:

District Secretary

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Legal Description Kanisku Properties RV, LLC

PARCEL 1

Lot 4 in Block 1, FIRST ADDITION TO JIM LOW'S RESORT, according to the plat thereof, recorded in Book 2 of Plats, Page 26, records of Bonner County, Idaho.

PARCEL 2

Lots 4, 5 and 6 in Block 2, FIRST ADDITION TO JIM LOW'S RESORT, according to the plat thereof, recorded in Book 2 of Plats, Page 26, records of Bonner County, Idaho.

PARCEL 3

All of Block 3, FIRST ADDITION TO JIM LOW'S RESORT, according to the plat thereof, recorded in Book 2 of Plats, Page 26, records of Bonner County, Idaho.

PARCEL 4

Lots 1, 2 and 3 in Block 1, FIRST ADDITION TO JIM LOW'S RESORT, according to the plat thereof, recorded in Book 2 of Plats, Page 26, records of Bonner County, Idaho.

PARCEL 5

Lots 5, 6, 7 and 8 in Block 1, FIRST ADDITION TO JIM LOW'S RESORT, according to the plat thereof, recorded in Book 2 of Plats, Page 26, records of Bonner County, Idaho.

PARCEL 6

All that portion of the following described property lying East of the County Road, as set forth in Right of Way Deed, recorded in Book 104 of Deeds, Page 230, as Instrument No. 76231:

A portion of Government Lot 7, Section 16, Township 61 North, Range 4 West, Boise Meridian, described as follows:

Beginning at the Northwest corner of Lot 7, Section 16, Township 61 North, Range 4 West, Boise Meridian:

Thence South 0°05° East 105.7 feet to the true point of beginning, which point is on the South right of way line of the County Road;

Thence along said right of way South 67°25° East 525.7 feet;

Thence South 9°56° West along the West line of the County Road 207.3 feet to a point, said point bearing North 89°54° West 50.74 feet from the Southwest corner of Book 3 of FIRST ADDITION TO JIM LOW'S RESORT as platted;

Thence North 89°54° West, 455 feet, more or less, to a point where said line intersects a North and South line which bears South 0°05° East from the Northwest corner of said Lot 7;

Thence North 0°05° West to the true point of beginning.

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Legal Description Kanisku Properties RV, LLC

PARCEL 7

All that portion of the following described property lying West of the County Road, as set forth in Right of Way Deed, recorded in Book 104 of Deeds, Page 230 as Instrument No. 76231;

A portion of Government Lot 7, Section 16, Township 61 North, Range 4 West, Boise Meridian, described as follows:

Beginning at the Northwest corner of Lot 7, Section 16, Township 61 North, Range 4 West, Boise Meridian;

Thence South 0°05° East 105.7 feet to the true point of beginning, which point is on the South right of way line of the County Road;

Thence along said right of way South 67°25° East 525.7 feet;

Thence South 9°56° West along the West line of the County Road 207.3 feet to a point, said point bearing North 89°'54° West 50.74 feet from the Southwest corner of Block 3 of FIRST ADDITION TO JIM LOW'S RESORT as platted;

Thence North 89°54° West, 455 feet, more or less, to a point where said line intersects a North and South line which bears South 0°05° East from the Northwest corner of said Lot 7;

Thence North 0°05° West to the true point of beginning.

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RIGHT OF WAY DEED

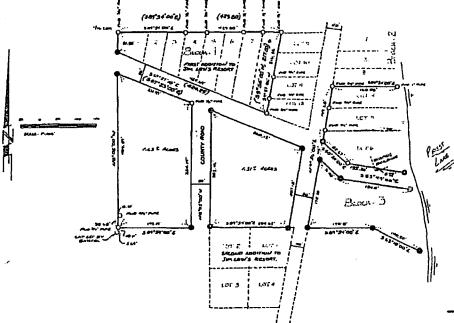
THIS INDENTURE, Mode the 21 Harold A.Downs and Betty Downs between his wife	oy of June , 19.60
County of Bonner, State of Idaho, partice of t	he first part, and the County of Bonner, State of
WITNESSETH, That the sold part ies of the first one (1.00)	part, for and in consideration of the sum of DOLLARS,
to these in hand paid, the receipt whereof is he gained, sold and conveyed, and by these presents do sold party of the second part, and to its successors and of land, situated in the County of Bonner, state of Ido A strip of land feet	grant, bargain, sell and convey unto the assigns, the following described piece or parcel no, to-wit:
line of road survey, as surveyed, or to be surveyed, ove	r and across the following described lands, to-with
Thence S 0'05'E, 51.5 ft. to the nor County Road, thence along said Right thence S 0'05'E, 54.15 ft. to the so County Road and the place of beginn: S 67'25'E, 27.07 ft.; thence S 0'05'E, 50.0 ft.; thence N 0'05'W, 323.92 ft to the place of beginning.	th Right of Way of existing of Way, 8 67'25'E, 236.3 ft.; outh Right of Way of existing ong for this deed. Thence 5'E, 303.12 ft.; thence N 89'54'W,
of Section. 16 in Township. 61 TO HAVE AND TO HOLD all and singular the said strip of sors and assigns, for the purpose of a public highway for IN WITNESS WHEREOF, the part 186 of the first and seal.8 the day and year first above written.	of land unto the said County of Bonner, its successiver.

	Tetty Morons (Seol)
STATE OF IDAHO, County of Bonner. On this 93 and day	of June 1960, before me
in and for said County and State, persons	ally oppeared Harved a Maure
subscribed to the within instrumen	known to me to be the person. Swhose name. It, and acknowledged to me that. The y executed the same. It is set my hand and offixed my official seal, the day and year
in this certificate first above written.	Ada Mic Mesteri My Commission experis July 12.100
2 " " " " " " " " " " " " " " " " " " "	my commission experis july 12.16)

SECTION 16, TWP 61N. RNG. 4 W., B.M. BONNER COUNTY, IDAHO.

KANIKSU RESORT

BASIS OF BEARING



COUNTY RECORDERS CERTIFICATE

FILED FOR RECORD THIS AS ADAY OF Abd. 1989, AT 4:2: AL IN BOOK _____ OF __1:5933_AT PAGE ___ AT THE REQUEST OF JAMES A SEWELL.

COUNTY RECORDER

By 2 - GLECK, Deputy

SURVEYORS GERTIFICATE

THIS MAP CORRECTLY REFRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE REQUIREMENTS OF THE "SURVEY RECORDING ACT" AT THE REQUEST OF THE KANKSU RESORT.

JAMES A SEWELL, ENGINEER, CERTIFICATE NO. 775

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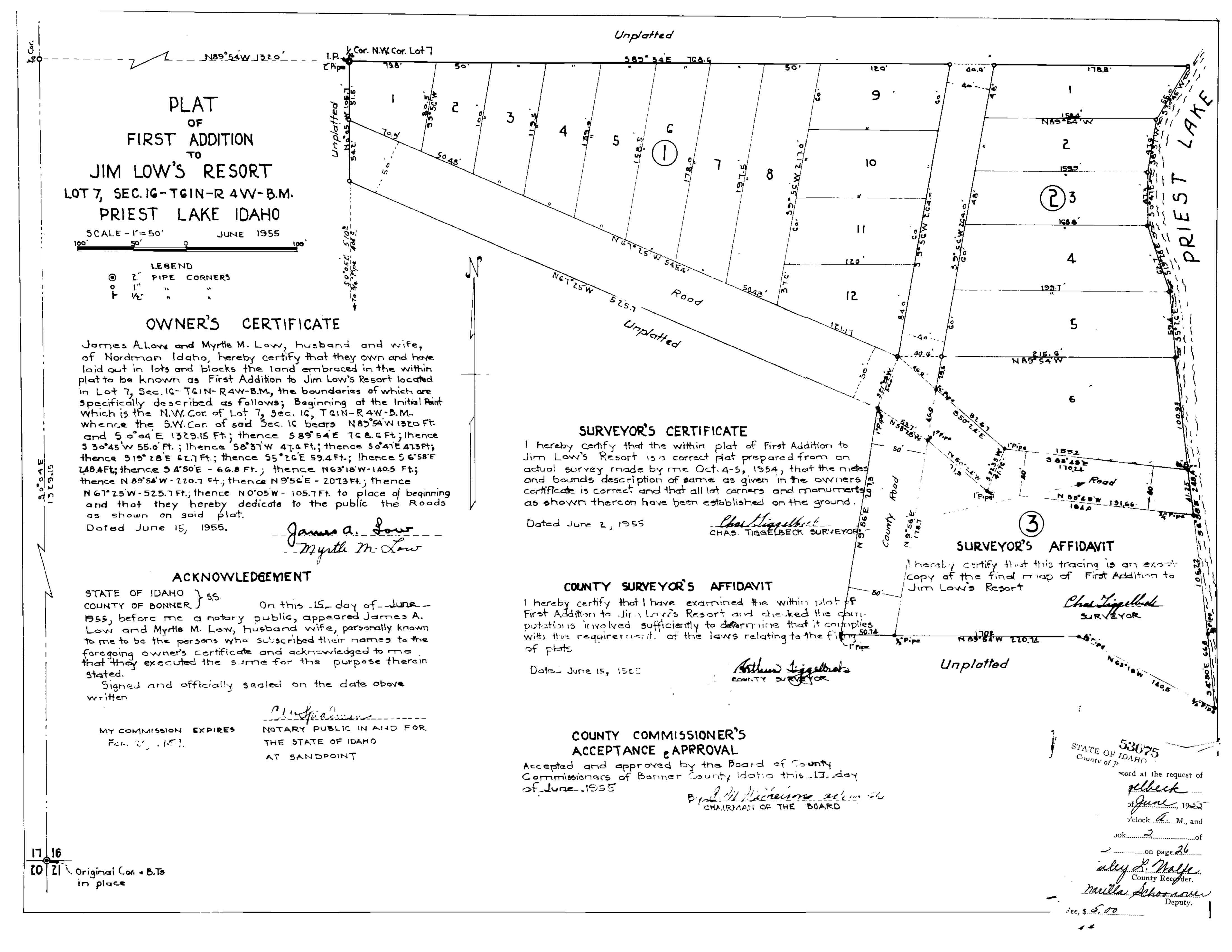
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NOTICE OF PUBLIC HEARING OF ANNEXATION OF PROPERTY INTO GRANITE-REEDER WATER & SEWER DISTRICT
Bonner County, Idaho
KANIKSU RESORT ANNEXATION
The Board of Directors (the "Board")
of the Granite-Reeder Water and Sewer
District (the "District") will be holding

a public hearing on the annexation of property into the District. The public hearing will be held as follow:

Monday, April 23, 2007

6:00 o'clock P.M.

Copper Bay Construction
Co. office,
799 Hagman Road,
Nordman, ID 83848
The annexation hearing is based upon a petition filed by Mike Williams. A copy of the Petition and a description of the area covered by the Petition can be obtained from the District by send-

ing a request to:

Granite-Reeder Water & Sewer District P.O. Box 465 Nordman, Idaho 83848

All persons interested in appearing at the time and place of the hearing may show cause in writing why the Petition for Annexation should not be granted. The Board shall consider, at the hearing, any objection presented in writing. The failure of any person to show cause in writing shall be deemed as an assent to include their property. as an assent to include their property within the boundaries of the District.

Anyone wishing to provide written comments, who is unable to attend the hearing, may provide them in advance of the hearing by sending them, first class mail, postage pre-paid, to:

Granite-Reeder
Water & Sewer District
Attn: Secretary
P.O. Box 465
Nordman, Idaho 83848 Failure to have your written comments to the Board in advance of the public hearing means they will not be considered by the Board at the public DATED this 6th day of April, 2007.
GRANITE-REEDER
WATER & SEWER DISTRICT Bonner County, Idaho By: Donald R. Pratt Secretary Legal PRT#619380 April 11, 18, 2007

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County of Bonner, 1222 101
being first duly sworn on oath
deposes and says that he/she is Managing Editor
of the Priest River Times, a newspaper printed and
published at Priest River, Bonner County, Idaho; that the
said newspaper has been continuously and uninterruptedly
published in said Bonner County during a period of 12
months prior to the first publication of the hereto attached
notice of publication in the case of: Public Heanney Annexation - Xaniksu Resert
as it was published in the regular and entire issue of the
said paper for a period of consecutive weeks,
commencing on 11th day of April, 20 07
and ending on the 18th day of 2011, 2007
and that said notice was published in said newspaper.
On this 18th day of in the year
of 2007, before me, a Notary Public, personally
appeared July,
known or identified to me to be the person whose name
subscribed to the within instrument, and being by me
first duly sworn, declared that the statements therein are
true and roknowledged to me that he executed the same. NOTARY Resigning at Public for Idaho
(P)
EOFIDAM Commission expires: 10.9.07